

**Perspective on proposal for matching funds
for equipment & technology in high-demand fields
for Montana University System (DP 9053)**

From Chancellor Ron Sexton, MSU-Billings
January 28, 2007

It is our understanding that Rep. Bill Glaser is considering an amendment to HB2, specifically the higher education budget, mandating a 1-to-1 match from non-governmental entities for any funds allocated for equipment and technology in high demand fields. This specifically relates to DP 9053 in the governor's proposed budget, which calls for a one-time only appropriation of \$4 million to support equipment and technology acquisition by university educational units and community colleges to support health care, skilled industries and high-demand programs.

Please allow me to provide a few thoughts on the issue.

The concept

First of all, we at Montana State University-Billings appreciate Rep. Glaser's concept of seeking and acquiring matching funds for higher education. It enables campuses and educational units of the Montana University System to work more closely with their communities and their business leaders in development of curriculum and acquisition of equipment. Whenever that valuable involvement and dialogue takes place, better relationships are developed and there is a stronger understanding of how the individual units of Montana's higher education system work. And for campuses which succeed in those endeavors, it gives them a tool to strengthen application for grant funding at all levels because built-in partnerships can be easily demonstrated. The concept is also consistent with Gov. Schweitzer's policies that encourage public/private partnerships for the improvement of the state and its citizens.

In a state with an aging workforce and a shortage of available workers to fill some key business and industry needs, it is more critical than ever for strategic bridge-building between legislators, campuses and communities. And in many areas of the state, such as Billings, it is becoming increasingly important to build bridges between K-12 education (the career center) and higher education (the MSU-Billings College of Technology).

All those partnerships go a long way to ensuring that Montana students will choose to stay in Montana where they will continue to work, raise their families and contribute as tax-paying citizens.

Concerns

There are, however, some concerns that I have with specifically mandating a 1-to-1 match for use of the funds. A quick check with some other campuses in the system yielded similar views. Please let me elaborate:

- 1) Because of location and cost involved, the 1-to-1 mandate will likely be an impediment for small institutions and programs (those at some community colleges or colleges of technology, for example) who would be hard pressed to find large donors necessary for matching funds. Not every educational unit is located in a large community and therefore, access to large pools of money is restricted.
- 2) Depending on the institution or program for which the funds are sought, there may not be the staffing or the expertise on hand for a full 1-to-1 match to develop. This, in effect, restricts the ability of the smaller campuses to be competitive in the process and would not help the students or the regions of the state that legislators are trying to assist.
- 3) Montana is a small business state and many small businesses that benefit by highly qualified graduates entering their workforce cannot afford to contribute the money needed for direct matches. According to state data, more than two-thirds of private business establishments in Montana have no paid workers, and

about 18% have between 1 and 4 employees. Only 13% have five or more employees. High-cost technology and equipment in medical-technology programs or auto technology programs educate students who eventually go to work in small businesses or small shops. And in some instances, such as the fire sciences program at the MSU-Billings College of Technology, programs and technology benefit volunteer fire departments, non-profit entities or state agencies. Those groups are also hard-pressed to provide matching funds because of already tight budgets or other restrictions.

- 4) While there are larger communities and larger companies in some regions of Montana, the majority of workers in much of Montana (even the prosperous "boot") work for small companies. Those companies are very generous and have been highly supportive of higher education units through in-kind donations. Those include serving on advisory groups helping develop curriculum and occasionally providing expertise on equipment that is being donated to COTs or community colleges. (Relying on donated equipment creates its own set of problems, however, as students are continually caught in the cycle of training on 20-year-old equipment.) Those in-kind contributions should not be taken likely.

A proposed alternative

While maintaining the spirit of Rep. Glaser's idea of developing partnerships and leveraging public/private funding to help improve equipment and technology, I would like to suggest an alternative that would be more equitable for the entire university system.

I would respectfully suggest that the requirement be modified so that the match would be an aggregate that would include business/industry expertise, equipment and dollars that would be equal to a 50% match.

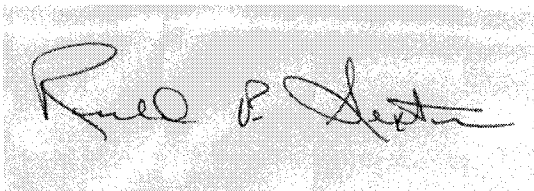
Not only would this be affordable for business and industry in all parts of the state, but it would allow more flexibility for small campuses and small communities and

provide greater ability for more campuses, programs and communities to take part in this equipment program and not be shut out. This would encourage each educational unit to find ways to pursue opportunities to address their unique needs in their own unique ways. High-demand fields and specific high-demand programs vary markedly from region to region (not every region of the state needs power plant operators, for example) and the specific needs and outcomes are typically developed by businesses that have few monetary resources, but have a richness of real-world experience and expertise that is priceless.

This alternative idea allows for the accountability that legislators are looking for, but ensures it stays on a local, program-by-program level where partnerships make certain that curriculum guidelines and student outcomes are met.

I appreciate your attention to this important issue and we the students, staff and faculty at Montana State University-Billings want to thank you for your past support and your service to our state.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ronald P. Sexton", is written over a light gray, textured rectangular background.

Ronald P. Sexton, PhD

Chancellor

Montana State University-Billings